

Key Findings from the 16th Annual Law Department Operations Survey

Defining Value: Taking Legal Operations to The Next Level



Deloitte Legal Business Services collaborates with the Blickstein Group on the Annual Law Department Operations Survey.

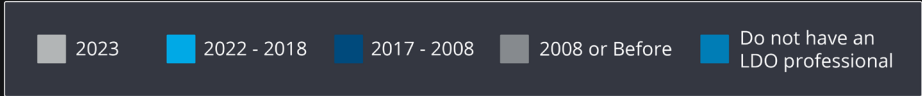
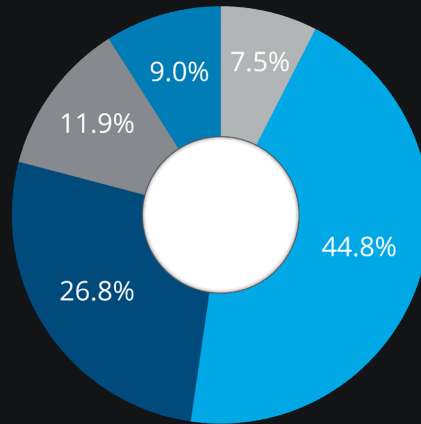
The 16th Annual Survey Report was published in December 2023 and it provides insight into many critical success factors of effectively managed corporate law departments. Key findings include a trend towards slowing growth of the legal ops function as it matures, continued focus on outside spend, opportunities to gain more value from contract lifecycle management (CLM) systems and for improved use of metrics. Here is our analysis.

The law department operations function has been growing rapidly for years, bringing greater efficiency, productivity and cost control to corporate law departments. According to the 16th Annual Blickstein Group Law Department Operations Survey, produced in collaboration with Deloitte, that growth may be slowing. As LDO teams stabilize, they have an opportunity to turn their attention to the broader— and much more challenging—question of how they can provide greater value not only to the law department but to the enterprise as a whole.

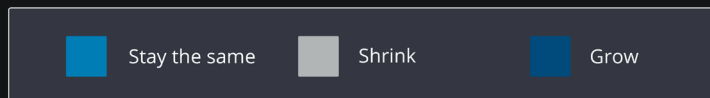
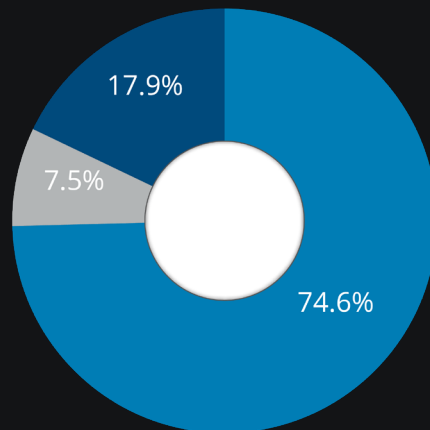
This represents a new phase for legal operations professionals. Organizations have built their legal operations teams aggressively; fully half of legal operations professionals (52.3%) reported that their organization added its first dedicated LDO professional in 2018 or since. Now, less than a fifth of legal operations professionals (17.9%) expect their team to grow further, indicating that we are at last approaching an inflection point.

The full 16th annual Blickstein group law department operations survey report, publishes in collaboration with Deloitte, can be downloaded at www.ldo16.com

In what year did your company add its first dedicated LDO professional of any kind?

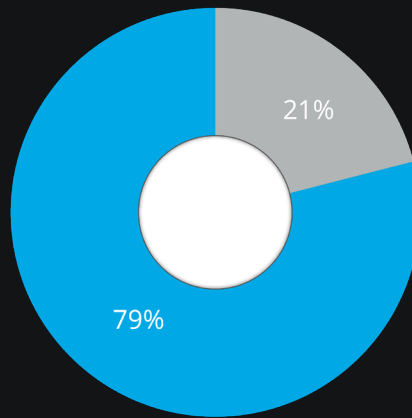


We expect the size of our legal ops team to ___ over the next 12 months.

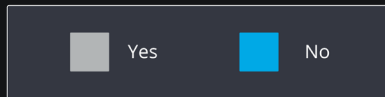


In that time, legal operations has evolved from something of a side hustle—an additional responsibility for practicing lawyers to juggle - to a dedicated and independent function. This year, only 21% of our respondents said they serve as in-house counsel in addition to their operations responsibilities.

Are you a practicing in-house lawyer also supporting ops?



All respondents

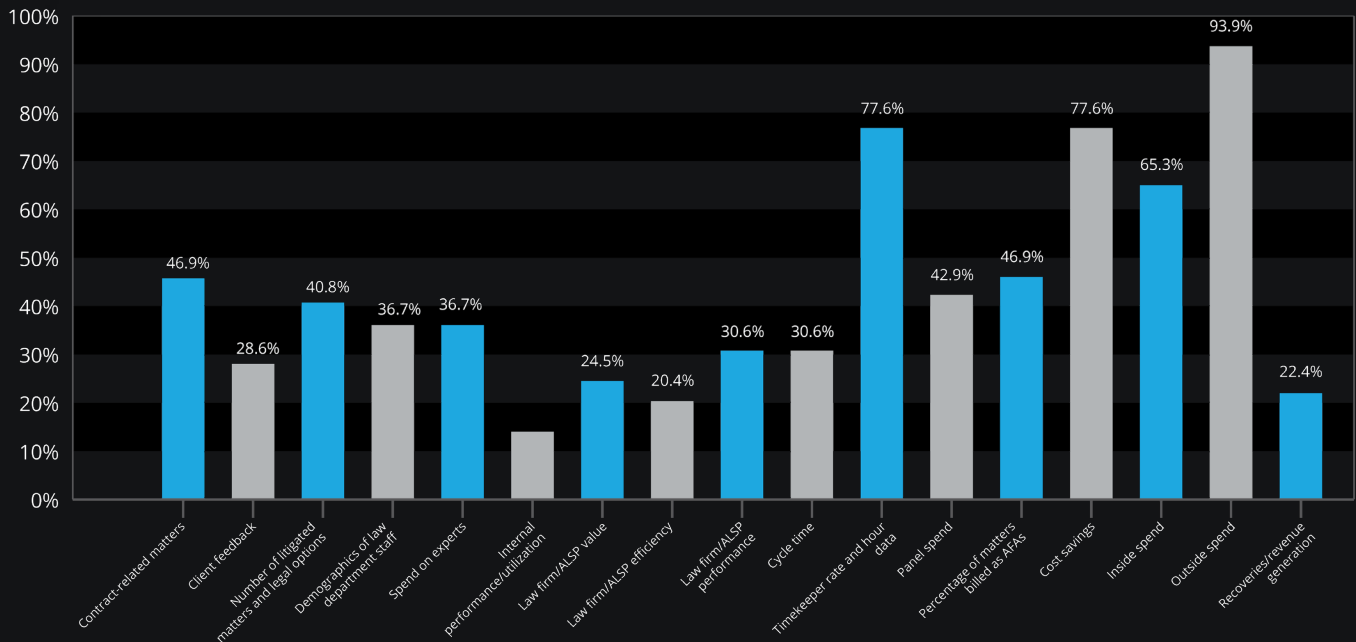


But despite steady growth, LDO professionals have so far largely restricted their scope to managing the law department's processes and spending. Legal operations teams typically emphasize legacy functions, with 86% managing reporting and analytics, 83% handling billing and invoice approval and 80% managing matters, analyzing finances and selecting and procuring technology.

These functions reflect what was, for most enterprises, the first priority for legal operations: controlling the law department budget. The primary KPIs for legal operations professionals have always been budget-related. Nearly all LDOs (93.9%) track outside spend, while only 30.6% track the performance of their law firms and ALSPs and just 24.5% track their value.



Which of the following metrics do you track?

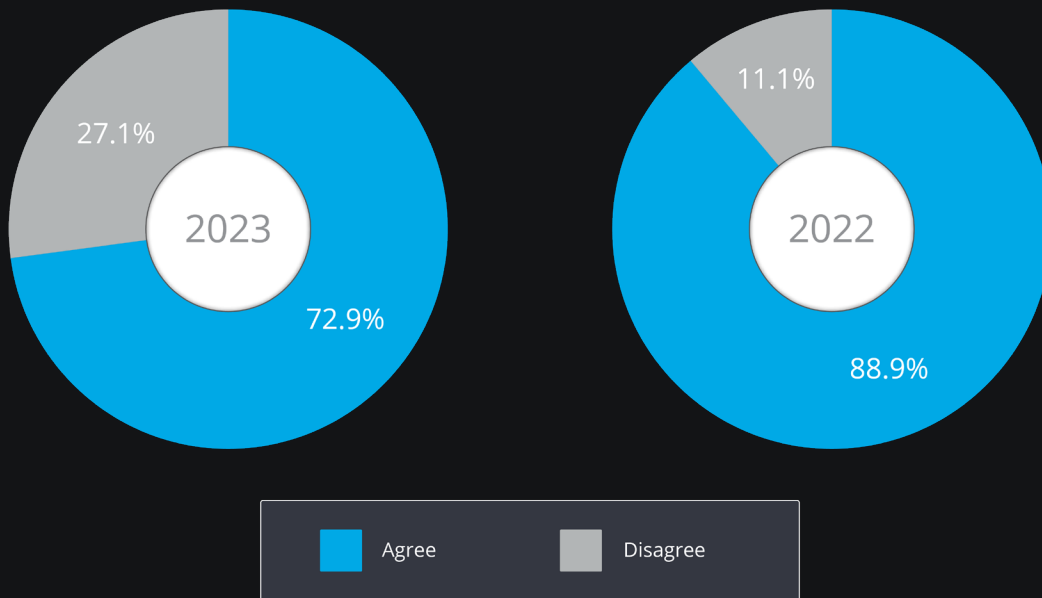


Yet, as the explosive growth phase cools, general counsel seem to be pulling back their support for legal operations. Just 72.9% of legal operations professionals said that they get all the support they need, down considerably from 88.9% last year. Are legal operations teams struggling to provide value in the absence of adequate support, or are law department leaders withdrawing support because their LDO teams have not produced sufficient value? Either way, legal operations teams have an opportunity to win back support by demonstrating that they can do much more than mind the budget and produce reports.



Please indicate if you agree or disagree with the following statement:

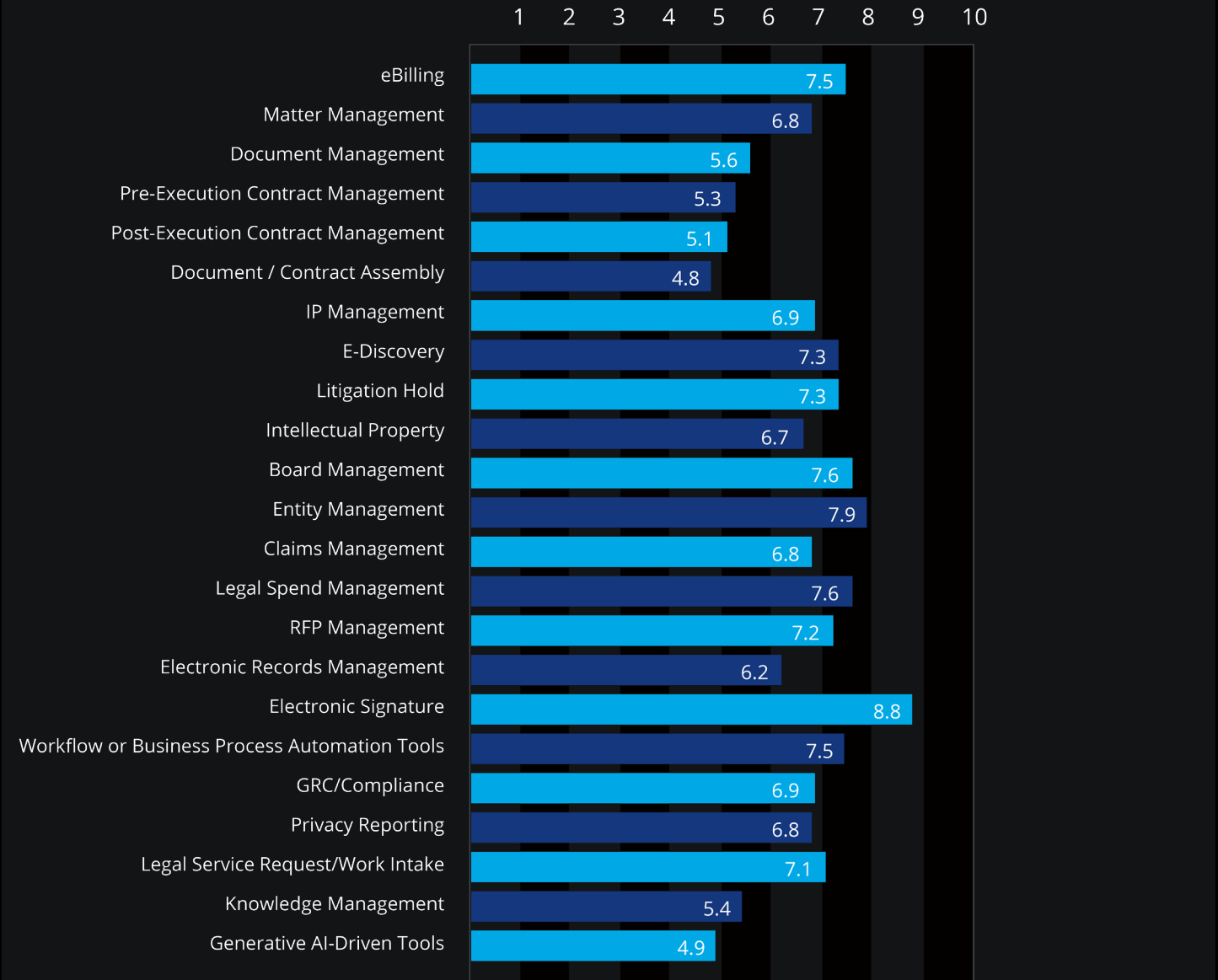
I get all the support I need from my general counsel.



For example, we noted last year that legal operations had an opportunity to expand its reach and cement its position within the enterprise by extracting more value from contract lifecycle management tools. Yet only 55.4% of survey respondents report that they manage their organization's contracts. Additionally, LDO professionals report that contract management tools are among the least effective tools in their tech stack; on a scale of 1 to 10, pre-execution contract management technology earned only a 5.3 effectiveness rating, with post-execution tools even further behind at 5.1. By contrast, e-billing and legal spend management tools scored 7.5 and 7.6, respectively.



How effective is the following technology? (1 = Not Effective, 10 = Extremely Effective)



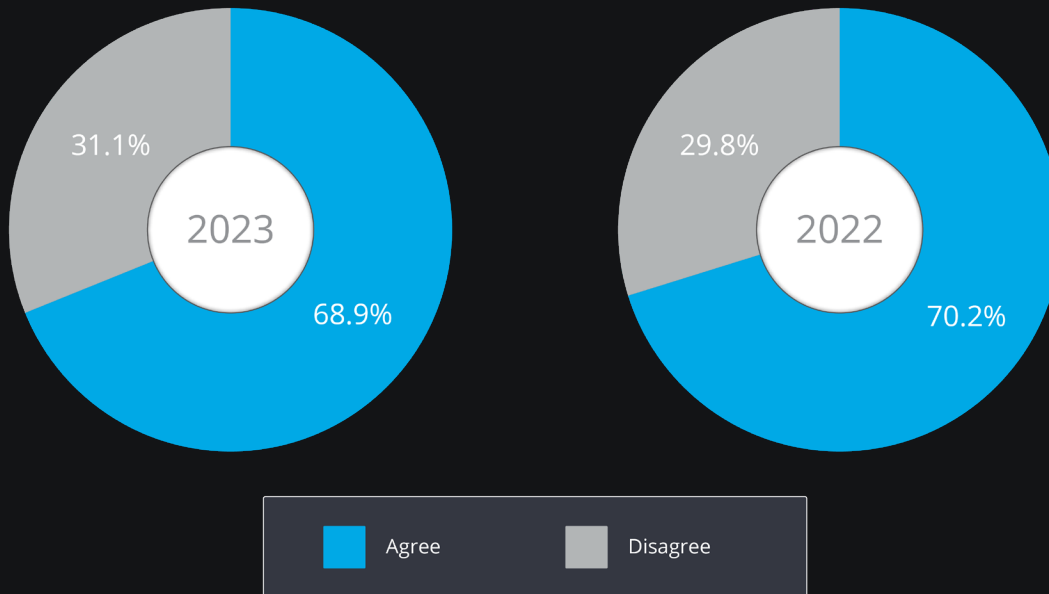
Do these lackluster scores indicate a deficiency in contracting technology? Is contract management inherently ineffective? Or do legal operations teams need to **more thoughtfully define and measure the value of entering and fulfilling contracts?**

At this point, the primary metric LDOs reported using to evaluate contracts is turnaround time, which is only one element of the value contract management provides to the organization.

Contract management is a microcosm of the larger issue as legal operations continues to mature. LDOs have the opportunity and the capacity to provide substantial value, but to do so, they must first decide what “value” means. This is a notoriously thorny question. Legal operations professionals, including 68.9% of this year’s respondents, consistently agree that “measuring the value of legal services is more art than science.”

Please indicate if you agree or disagree with the following statement:

Measuring the value of legal services is more art than science.



Whether it is art or science, the ability to define, measure and deliver value will be a major differentiator as legal operations moves to the next level of its development. Those legal operations professionals who succeed in providing true value, especially in cross-functional tasks that benefit the entire enterprise, will prove their own worth.



Contact us



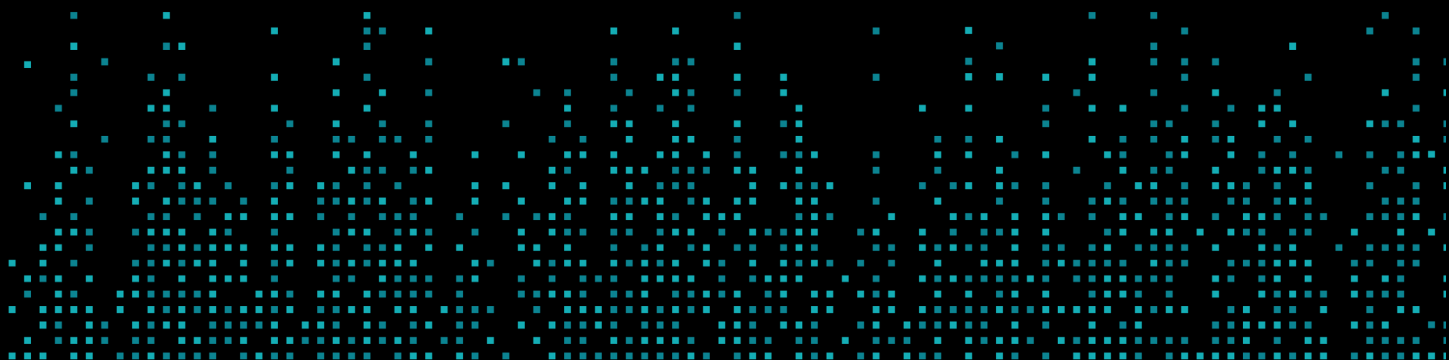
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